



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
NICHOLAS COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Larry Tinch, Nicholas County Judge/Executive

Honorable Charles Smith, Former Nicholas County Judge/Executive

Members of the Nicholas County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Nicholas County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Nicholas County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Nicholas County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Nicholas County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Larry Tinch, Nicholas County Judge/Executive

Honorable Charles Smith, Former Nicholas County Judge/Executive

Members of the Nicholas County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Nicholas County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2000 on our consideration of Nicholas County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
March 29, 2000

NICHOLAS COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

Larry Tincher	County Judge/Executive
Donald Bromagen	County Attorney
Douglas Fryman	County Clerk
Sally Watkins	Circuit Court Clerk
Charles Ring	Sheriff
Billy Mac Gaunce	Jailer
Michelle Knapke	Property Valuation Administrator
Wanda Dotson	County Treasurer
Roy E. Gaunce	Coroner
Steve Hamilton	Magistrate
Billy Dixon	Magistrate
Daryl Stacey	Magistrate
Avery D. Thornsburg	Magistrate
Jeff Randolph	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

NICHOLAS COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 440,683
Road and Bridge Fund:	
Cash	208,438
Jail Fund:	
Cash	4,018
Local Government Economic Assistance Fund:	
Cash	25,474
Voted Hospital Bond Fund:	
Money in Hands of -	
County	28,437
Paying Agent	30,287
Mathers Educational Fund:	
Cash	12,497
Landfill Fund:	
Cash	6,854
Payroll Withholding Revolving Account - Cash	11,277

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Capital	
Lease Obligation - Principal	<u>272,313</u>
Total Assets and Other Resources	<u>\$ 1,040,278</u>

The accompanying notes are an integral part of the financial statements.

NICHOLAS COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation - Principal (Note 5)	\$ 272,313
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Voted Bond Fund:

Bonds Matured and Unpresented	25,000
-------------------------------	--------

Interest Matured and Unpresented	4,785
----------------------------------	-------

Premium on Bonds Called	500
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Payroll Withholding Revolving Account	11,277
---------------------------------------	--------

Fund Balances

Reserved:

Voted Hospital Bond Fund	28,439
--------------------------	--------

Mathers Educational Fund	12,497
--------------------------	--------

Landfill Fund	6,854
---------------	-------

Unreserved:

General Fund	440,683
--------------	---------

Road and Bridge Fund	208,438
----------------------	---------

Jail Fund	4,018
-----------	-------

Local Government Economic Assistance Fund	25,474
---	--------

Total Liabilities and Fund Balances	<u>\$ 1,040,278</u>
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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

NICHOLAS COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 2,129,086	\$ 739,768	\$ 1,082,629	\$ 40,530
Transfers In	460,784	303,784		101,000
Total Cash Receipts	<u>\$ 2,589,870</u>	<u>\$ 1,043,552</u>	<u>\$ 1,082,629</u>	<u>\$ 141,530</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,072,022	\$ 594,922	\$ 1,035,293	\$ 140,007
Transfers Out	460,784	157,000	78,266	
Capital Lease:				
Courthouse Renovation - Principal	15,028	15,028		
Voted Hospital Bonds:				
Principal	110,000			
Total Cash Disbursements	<u>\$ 2,657,834</u>	<u>\$ 766,950</u>	<u>\$ 1,113,559</u>	<u>\$ 140,007</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (67,964)	\$ 276,602	\$ (30,930)	\$ 1,523
Cash Balance - July 1, 1998	824,652	164,081	239,368	2,495
Cash Balance - June 30, 1999	<u>\$ 756,688</u>	<u>\$ 440,683</u>	<u>\$ 208,438</u>	<u>\$ 4,018</u>

The accompanying notes are an integral part of the financial statements.

NICHOLAS COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Voted Hospital Bond Fund	Mathers Educational Fund	Landfill Fund	Community Development Block Grant Fund
\$ 29,347	\$ 18,602	\$ 56,027	\$ 36,646 56,000	\$ 125,537
\$ 29,347	\$ 18,602	\$ 56,027	\$ 92,646	\$ 125,537
\$ 17,856	\$ 10,451 225,518	\$ 56,389	\$ 90,709	\$ 126,395
	110,000			
\$ 17,856	\$ 345,969	\$ 56,389	\$ 90,709	\$ 126,395
\$ 11,491 13,983	\$ (327,367) 386,091	\$ (362) 12,859	\$ 1,937 4,917	\$ (858) 858
\$ 25,474	\$ 58,724	\$ 12,497	\$ 6,854	\$ 0

NICHOLAS COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Nicholas County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Nicholas County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

NICHOLAS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

The Nicholas County Fiscal Court retired the Voted General Obligation Hospital Bonds, dated December 1, 1977.

NICHOLAS COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 5. Capital Lease

The Nicholas County Fiscal Court entered into a lease agreement for \$291,000 with Kentucky Association of Counties Leasing Trust Program for courthouse renovation on September 24, 1997. Payments are due monthly and are calculated annually based on the outstanding principal, a variable interest rate, and associated fees. The lease is to be paid in full on October 1, 2012. The outstanding principal as of June 30, 1999 is \$272,313. The following indicates scheduled debt service requirements (principal and interest only) for future periods through the end of the lease:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-2000	\$ 9,865	\$ 15,675
2000-01	9,270	16,349
2001-02	8,650	17,053
2002-03	8,003	17,786
2003-04	7,329	18,552
2004-2013	30,628	186,898
Totals	<u>\$ 73,745</u>	<u>\$ 272,313</u>

Note 6. Lease-Purchase Agreements

- a) The Nicholas County Fiscal Court entered into a lease agreement for \$25,001 with Kentucky Association of Counties Leasing Trust Program for the purchase of voting machines and computers on August 18, 1995. The lease is renewable by the county on a fiscal year basis, with five renewal periods. The lease calls for a variable interest rate. The principal balance at June 30, 1999, is \$6,355.
- b) The Nicholas County Fiscal Court entered into a lease agreement for \$25,915 with Kentucky Association of Counties Leasing Trust Program for the purchase of an ambulance on August 1, 1996. The lease is renewable by the county on a fiscal year basis, with five renewal periods. The lease calls for a variable interest rate. The principal balance at June 30, 1999, is \$11,864.
- c) The Nicholas County Fiscal Court entered into a lease agreement for \$87,520 with Kentucky Association of Counties Leasing Trust Program for the purchase of two dump trucks on January 21, 1998. The lease is renewable by the county on a fiscal year basis, with five renewal periods. The lease calls for a variable interest rate. The principal balance at June 30, 1999, is \$56,745.

NICHOLAS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 7. Flag Maintenance Savings Account

The Nicholas County Fiscal Court established a Flag Maintenance Savings Account in 1996 consisting of contributions from the community. The contributions are to be used to maintain the electric flag on the Nicholas Court Courthouse. The balance in this account at June 30, 1999, is \$666.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

NICHOLAS COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 996,959	\$ 739,768	\$ (257,191)
Road and Bridge Fund	891,450	1,082,629	191,179
Jail Fund	173,785	40,530	(133,255)
Local Government Economic Assistance Fund	25,400	29,347	3,947
Voted Hospital Bond Fund	6,600	18,602	12,002
Mathers Educational Fund	56,200	56,027	(173)
Landfill Fund	95,648	36,646	(59,002)
Community Development Block Grant Fund	125,537	125,537	
Totals	<u>\$ 2,371,579</u>	<u>\$ 2,129,086</u>	<u>\$ (242,493)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,371,579
Add: Budgeted Prior Year Surplus			678,459
Less: Other Financing Uses			<u>(165,028)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,885,010</u>

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SCHEDULE OF OPERATING REVENUE

NICHOLAS COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes and Excess Fees				
Sheriff:				
Taxes	\$ 182,024	\$ 182,024	\$	\$
Prior Year Taxes	10,210	5,508		
County Clerk:				
Deed Transfer Tax	11,954	11,954		
Occupational Licenses	1,802	1,802		
Delinquent Taxes	9,061	5,333		
Tangible Personal Property Taxes:				
Other Counties	6,229	6,229		
County Clerk	37,786	37,356		
Occupational Employment Tax	348,681	348,681		
Bank Shares	14,448	14,448		
Totals	\$ 622,195	\$ 613,335	\$ 0	\$ 0

Federal Receipts - State Treasurer

Disaster and Emergency Assistance				
Grant - Coordinator Salary	\$ 562	\$ 562	\$	\$
Disaster and Emergency Assistance				
Grant - 1998 Snow Removal	1,446		1,446	
Community Development Block				
Grant - Waterline Extension	125,537			
Totals	\$ 127,545	\$ 562	\$ 1,446	\$ 0

Kentucky State Treasurer

Jail:				
Allotments	\$ 22,000	\$	\$	22,000
Medical Allotments	1,977			1,977
Driving Under The Influence Fees	3,819			3,819
Housing Juveniles	3,060			3,060

NICHOLAS COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Voted Hospital Bond Fund	Mathers Educational Fund	Landfill Fund	Community Development Block Grant Fund
\$	\$	\$	\$	\$
	4,702			
	3,728			
	430			
<u>\$ 0</u>	<u>\$ 8,860</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$
				125,537
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125,537</u>
\$	\$	\$	\$	\$

NICHOLAS COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
County Road Aid	\$ 410,160	\$	\$ 410,160	\$
Rural Secondary Road Aid	326,704		326,704	
Truck License Distribution	161,449		161,449	
Bridge Replacement	110,707		110,707	
Election Expense Reimbursement	2,550	2,550		
Administrative Office of the Courts:				
Courthouse Rental	28,975	28,975		
Courthouse Renovation	45,582	45,582		
Refunds:				
Drivers License	708		708	
State Reimbursement/Refund	980		980	
Severance Taxes:				
Coal	28,165			
Grants:				
Disaster and Emergency Assistance Grant - Coordinator Salary	591	591		
Disaster and Emergency Assistance Grant - 1997 Flood Relief	20,229		20,229	
Miscellaneous	3,873	636		
Totals	\$ 1,171,529	\$ 78,334	\$ 1,030,937	\$ 30,856

Miscellaneous Revenue

Interest	\$ 103,947	\$ 17,754	\$ 22,647	\$ 484
Circuit Court Clerk:				
Jail Cost	4,455			4,455
Work Release - Other Counties	4,735			4,735
Contribution - Knox Estate	3,984	3,984		
County Attorney:				
Telephone Expenses	197	197		
Employee Benefits	2,728	2,728		
Child Support - Indirect Costs	11,736	11,736		

Local Government Economic Assistance Fund	Voted Hospital Bond Fund	Mathers Educational Fund	Landfill Fund	Community Development Block Grant Fund
\$	\$	\$	\$	\$
28,165				
	3,237			
\$ 28,165	\$ 3,237	\$ 0	\$ 0	\$ 0
\$ 1,182	\$ 5,472	\$ 56,027	\$ 381	\$

NICHOLAS COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
(Continued)				
Insurance Proceeds	\$ 9,406	\$	\$ 9,406	\$
Sheriff - Advertising Costs	280	280		
Licenses and Permits:				
Cable TV Franchise	1,514	1,514		
Charges for Services:				
Garbage Collection	31,240			
Recycling	5,025			
City of Carlisle:				
Disaster and Emergency Services	1,073	1,073		
Sales of County Property:				
Real Estate	8,000	8,000		
Road Materials	5,755		5,755	
Culvert	820		820	
Gasoline	6,759		6,759	
Surplus Equipment	4,000		4,000	
Miscellaneous Items	2,163	271	859	
Totals	\$ 207,817	\$ 47,537	\$ 50,246	\$ 9,674
Total Operating Revenue	<u>\$ 2,129,086</u>	<u>\$ 739,768</u>	<u>\$ 1,082,629</u>	<u>\$ 40,530</u>

NICHOLAS COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Voted Hospital Bond Fund	Mathers Educational Fund	Landfill Fund	Community Development Block Grant Fund
\$	\$	\$	\$	\$
			31,240	
			5,025	
	1,033			
\$ 1,182	\$ 6,505	\$ 56,027	\$ 36,646	\$ 0
<u>\$ 29,347</u>	<u>\$ 18,602</u>	<u>\$ 56,027</u>	<u>\$ 36,646</u>	<u>\$ 125,537</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

NICHOLAS COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 50,344	\$ 49,146	\$ 1,198
Secretary	18,669	18,669	
Payroll Clerk	12,476	12,326	150
Office Supplies	3,130	3,130	
Office Equipment	2,870	1,311	1,559
Training	433	433	
Office of County Attorney:			
County Attorney Salary	11,357	11,357	
Office of County Clerk:			
Office Supplies	4,000	3,807	193
Fees	2,000	644	1,356
Office of Sheriff:			
Salary Contribution	9,549	9,549	
Radio Maintenance	694	295	399
Office Supplies	2,493	2,493	
Uniforms	213	213	
Training	300	300	
Office of County Coroner:			
Salaries-			
County Coroner	3,900	3,900	
Deputy Coroner	1,500	1,500	
Autopsies and Attendant Services	700	520	180
Training	800	429	371
Fiscal Court:			
Salaries:			
Magistrates	18,924	18,600	324
Fiscal Court Clerk	1,800	1,800	

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Property Valuation Administrator:			
Statutory Contribution	\$ 8,286	\$ 8,134	\$ 152
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	12,107	12,107	
Elections:			
Per Diem-			
Election Commissioners	1,275	1,275	
Election Officers	3,925	3,000	925
Maintenance and Repairs	840		840
Polling Places	500	300	200
Office Supplies	250	96	154
Other Supplies and Equipment	10,160	10,160	
Courthouse:			
Custodial Salaries	14,242	14,242	
Custodial Supplies	6,200	3,122	3,078
Maintenance and Repairs	55,582	38,126	17,456
Materials and Supplies	3,500	3,221	279
Utilities	22,000	17,503	4,497
Other County Properties:			
Armory-			
Materials and Supplies	8,100	448	7,652
Utilities	11,750	7,562	4,188
Community Action Building-			
Interest	3,000	3,000	
Health Department Building-			
Construction	400,000		400,000

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Contracted Services	\$ 2,700	\$ 2,700	\$
Operating Expenses	1,000	460	540
Ambulance Service:			
Contracted Services	72,000	72,000	
Vehicle Maintenance	3,000	2,969	31
Emergency Dispatch Service:			
Contribution	12,360	12,359	1
Office of Public Defender:			
Public Advocacy - Contribution	841	841	
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Salary	6,023	4,211	1,812
Animal Food and Supplies	300		300
Soil and Water Conservation:			
Contribution	9,700	9,700	
<u>Social Services</u>			
Service to Indigents:			
General Welfare	3,000	1,065	1,935
Senior Citizens Program:			
Contribution	20,080	20,080	
Cemeteries and Memorials:			
Pauper Burials	1,700	1,700	
Other Social Service Programs:			
Community Service Coordinator	3,900	3,900	

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Victims Assistance:			
Contribution	\$ 500	\$ 500	\$
<u>Recreation and Culture</u>			
Cooperative Extension Service:			
Program Support	42,500	42,500	
Parks and Recreation:			
Contribution	2,000	2,000	
Tourist and Convention:			
Contribution	1,000	1,000	
Debt Service:			
Borrowed Money-			
Interest	2,500		2,500
Operating Lease Payments-			
Ambulance, Voting Machines, and Computer Equipment	11,761	10,281	1,480
Capital Lease Payments-			
Courthouse Renovation - Interest	11,911	11,911	
<u>Administration</u>			
General Services:			
Advertising	3,000	976	2,024
Audit Services	12,000	5,666	6,334
Insurance	29,298	29,297	1
Officials' Bonds	1,700	1,486	214
Memberships	3,900	3,360	540
Reimbursements	1,054	1,054	
Miscellaneous	712	712	
Contingent Appropriations:			
Reserve for Transfers	46,303		46,303

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Social Security	\$ 26,000	\$ 25,282	\$ 718
Retirement	28,000	27,968	32
Health Insurance	30,000	29,771	229
Worker's Compensation	5,000	5,000	
Unemployment Insurance	2,000	1,055	945
Total Operating Budget	\$ 1,106,012	\$ 594,922	\$ 511,090
Other Financing Uses:			
a) Borrowed Money-			
Principal	40,000		40,000
b) Capital Lease Payments-			
Courthouse Renovation - Principal	15,028	15,028	
Total General Fund	\$ 1,161,040	\$ 609,950	\$ 551,090
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Expense Allowance - Magistrates	\$ 18,000	\$ 18,000	\$
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	27,000	26,742	258
Road Maintenance:			
Road Labor Salaries	150,000	149,637	363
Garage Supplies	4,000		4,000
Asphalt	209,039	209,039	
Machinery and Equipment	56,606	47,740	8,866
Road Materials	342,401	324,195	18,206
Uniforms	1,500	1,156	344

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Road Maintenance: (Continued)			
Sales and Use Tax	\$ 1,000	\$ 296	\$ 704
Materials and Supplies	2,000	1,467	533
Renewals and Repairs	50,000	45,390	4,610
Utilities	6,000	4,731	1,269
Miscellaneous	1,000	305	695
<u>Debt Service</u>			
Lease Payments- Dump Truck	18,000	16,985	1,015
<u>Capital Projects</u>			
Bridges:			
Contracted Construction	107,800	107,800	
<u>Administration</u>			
General Services:			
Insurance	29,298	29,297	1
Contingent Appropriations:			
Reserve for Transfers	49,749		49,749
Fringe Benefits:			
County Contributions-			
Social Security	17,500	14,143	3,357
Retirement	20,000	15,638	4,362
Health Insurance	15,000	14,121	879
Worker's Compensation	15,000	8,611	6,389
Unemployment Insurance	2,100		2,100
Total Road and Bridge Fund	\$ 1,142,993	\$ 1,035,293	\$ 107,700

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 17,985	\$ 17,985	\$
Part-Time Help	1,800	1,800	
Contracts With Other Counties	120,000	90,670	29,330
Contracts With Private Agencies	1,000	368	632
Equipment Maintenance	187	87	100
Food	99	99	
Uniforms	414	414	
Materials and Supplies	1,300	1,209	91
Renewals and Repairs	3,000	1,591	1,409
Medical Services	6,000	4,784	1,216
Travel	833	453	380
Miscellaneous	1,000		1,000
Juvenile Detention:			
Contracts With Other Counties	15,700	15,500	200
<u>Administration</u>			
General Services:			
Memberships	100	50	50
Training	200	45	155
Fringe Benefits:			
County Contributions-			
Social Security	1,400	1,307	93
Retirement	1,600	1,478	122
Health Insurance	2,167	2,167	
Total Jail Fund	\$ 174,785	\$ 140,007	\$ 34,778

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Roads</u>			
Road Maintenance:			
Road Materials	\$ 13,400	\$	\$ 13,400
Petroleum Products	<u>25,200</u>	<u>17,856</u>	<u>7,344</u>
Total Local Government Economic Assistance Fund	<u>\$ 38,600</u>	<u>\$ 17,856</u>	<u>\$ 20,744</u>
<u>VOTED HOSPITAL BOND FUND</u>			
<u>Debt Service</u>			
Tax Refunds	\$ 20,000	\$ 4,626	\$ 15,374
Premium on Bonds Called	2,200	2,200	
Voted Hospital Bonds:			
Interest	3,625	3,625	
Contingent Appropriations:			
Reserve for Transfers	<u>100,775</u>	<u></u>	<u>100,775</u>
Total Operating Budget	\$ 126,600	\$ 10,451	\$ 116,149
Other Financing Uses:			
c) Voted Hospital Bonds-			
Principal	<u>110,000</u>	<u>110,000</u>	<u></u>
Total Voted Hospital Bond Fund	<u>\$ 236,600</u>	<u>\$ 120,451</u>	<u>\$ 116,149</u>
<u>MATHERS EDUCATIONAL FUND</u>			
<u>Social Services</u>			
Services to Children and Youth:			
Clerk Salary	\$ 7,542	\$ 7,542	\$
General Welfare	59,476	48,138	11,338
Office Supplies	1,392	132	1,260

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>MATHERS EDUCATIONAL FUND</u>			
(Continued)			
<u>Administration</u>			
Fringe Benefits:			
County Contribution-			
Social Security	\$ 650	\$ 577	\$ 73
Total Mathers Educational Fund	\$ 69,060	\$ 56,389	\$ 12,671
<u>LANDFILL FUND</u>			
<u>General Health and Sanitation</u>			
Sanitary Landfill:			
Manager Salary	\$ 22,048	\$ 22,048	\$
Contracted Services	20,000	16,294	3,706
Equipment	2,000		2,000
Materials and Supplies	1,000	714	286
Utilities	2,000	1,415	585
Solid Waste Transfer	44,917	44,148	769
Employee Training	509	509	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	1,991		1,991
Fringe Benefits:			
County Contribution-			
Social Security	\$ 1,800	\$ 1,602	\$ 198
Retirement	2,100	1,812	288
Health Insurance	2,200	2,167	33
Total Landfill Fund	\$ 100,565	\$ 90,709	\$ 9,856

NICHOLAS COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
COMMUNITY DEVELOPMENT <u>BLOCK GRANT FUND</u>			
<u>General Health and Sanitation</u>			
Water System:			
Contracted Construction	\$ 120,578	\$ 120,578	\$
Grant Administration	<u>5,817</u>	<u>5,817</u>	
Total Community Development Block Grant Fund	<u>\$ 126,395</u>	<u>\$ 126,395</u>	<u>\$ 0</u>
Total Operating Budget - All Funds	\$ 2,885,010	\$ 2,072,022	\$ 812,988
Other Financing Uses:			
a) Borrowed Money-			
Principal	40,000		40,000
b) Capital Lease-			
Courthouse Renovation - Principal	15,028	15,028	
c) Voted Hospital Bonds-			
Principal	<u>110,000</u>	<u>110,000</u>	
TOTAL BUDGET - ALL FUNDS	<u>\$ 3,050,038</u>	<u>\$ 2,197,050</u>	<u>\$ 852,988</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Larry Tincher, Nicholas County Judge/Executive
Honorable Charles Smith, Former Nicholas County Judge/Executive
Members of the Nicholas County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Nicholas County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated March 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nicholas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nicholas County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Larry Tincher, Nicholas County Judge/Executive
Honorable Charles Smith, Former Nicholas County Judge/Executive
Members of the Nicholas County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 29, 2000

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

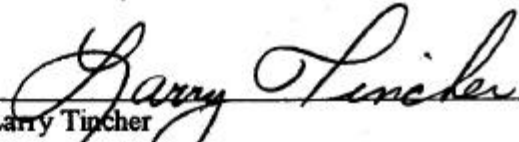
NICHOLAS COUNTY FISCAL COURT


Fiscal Year Ended June 30, 1999

Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
NICHOLAS COUNTY FISCAL COURT

The Nicholas County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Larry Tincher
County Judge/Executive


Wanda Dotson
County Treasurer